

The International Environment

- Ongoing fallouts of the world financial and economic crisis, mainly, in the industrialised countries ;
- Review of IMF forecasts for the economic recession rate worldwide to 1.4% in 2009 compared to previous forecasts of 1.3% ;
- Decrease in household consumer prices in the industrialised countries and upward trend in most commodities on the world market ;
- Appreciation of the euro exchange rate, notably, against the US dollar, and positive evolution in the main international stock market indexes.

The National Climate

- Expected marked improvement in agricultural sector production, particularly, for cereals ;
- Ongoing impact of tight external demand on production and exports in manufacturing industries ;
- Slower activity in some sectors of services, such as tourism and air transport ;
- Inflation regression to 3.3% in average over the first half of 2009 compared to 5.6% in the same period of 2008 ;
- Higher level of bank liquidity surplus in the second quarter of 2009 and slower pace of M3 aggregate correlatively with slowdown of net claims abroad and financing to the economy in the first half of the same year ;
- Ongoing increase in stock indexes and consolidated capital trading on the stock quotation ;
- Better surplus in the general balance of payments in the wake of tighter current deficit ;
- Depreciation of the Tunisian dinar against the Euro.

THE INTERNATIONAL ENVIRONMENT

Over the first half of 2009, the **international environment** was marked by ongoing fallout of the world financial crisis but with appearance of some positive indicators related, notably, to real estate sector and corporate results in the United States as well as the sectors of industry and services in the euro zone. The international stock markets posted a positive evolution, whereas the foreign exchange markets were marked by an appreciation of the euro, notably, against the US dollar. Besides, prices of many commodities, particularly, crude oil, posted an upward trend.

As for the **world economic and financial crisis**, the main marking events posted recently are :

- IMF setting of 250 billion dollars in the form of special drawing rights (SDRs) for member countries in order to boost their exchange reserves. This is in the framework of giving concrete forms to decisions of G20 summit which was held in London last April. This decision aims at injecting more liquidity in the world financial system, noting that 100 billion dollars of this amount will be assigned to emerging and developing countries, 18 billion dollars of which for low-income countries ;

- In the same context and in application of the decision providing for the increase of the IMF resources by 500 billion dollars, 250 billion of which immediately, France decided to make 15.4 billion dollars available to the fund to support its intervention in the period of crisis. France is therefore the first European country that implemented its commitments. Worth of note that the European Union decided to put 100 billion dollars at the IMF disposal ;

- The IMF pursued financial help to developing countries, to overcome the effects of the financial crisis, by granting loans to certain countries like Ghana (602 million dollars) and Sri Lanka (2.5 billion dollars) ;

- G8 decided, in its meeting in Italy early July 2009 to allocated 20 billion dinars over a 3-year period to face up food crises in the world. These resources will, notably, help encourage investment in agriculture in the developing countries.

As for the **world growth** and following ongoing fallouts of the economic and financial crisis, particularly, in the main industrialised countries, the IMF reviewed, early July 2009, its forecasts with respect to the world economic recession rate, up from 1.3% to 1.4% compared to 3.1% growth a year before.

This situation was, notably, led by review of the pace of economic activity tightening in the **Euro Zone** to 4.8% vs. -4.2% in forecasts last April, notably in Germany (-6.2% vs. -5.6%) and Italy (-5.1% vs. -4.4%) ; whereas economic activity slowdown will be more pronounced in **emerging and developing countries** (1.5% vs. 1.6%) in line, mainly, with higher level of recession in Latin American countries (-2.6% vs. -1.5%).

Besides, **available economic indicators** in the industrialised countries, show contrasted trends recently, making the economic outlook in this group of countries uncertain.

In the **United States of America**, activity indexes improved in the sectors of industry and services as well as for retail sale in June 2009 ; while construction expenditure regressed in May and the index of consumer confidence tightened in June.

In the **Euro Zone**, retail sales dropped in May 2009 in the same way as for the index of activity in services over June, whereas the industrial production rose in May as was the case for activity index in the industrial sector and the economic confidence index in June.

As for **Japan**, exports continued to drop in the same way as for activity index in services during May 2009 ; whereas the corporate index of confidence improved in June.

Employment continued to deteriorate in the industrialised countries, under the effect of slower economic activity. In particular, the **unemployment rate** reached :

* 9.5% in the US in June 2009, the highest level in 26 years vs. 9.4% in the previous month,

* 9.4% in the Euro Zone in June 2009, the highest level in 10 years compared to 9.3% in May,

* 5.4% in Japan in June 2009 compared to 5.2% a month before.

As for **the world prices of commodities** and following their increase to some 72 dollars the barrel on 11 and 12 June 2009, prices of crude oil posted a downward trend, attributable mainly, to higher stocks in the US and appreciation of the dollar. In effect, in June 2009 prices reached 69 dollars the barrel for the Brent and 70 dollars the barrel for the light American.

In the same way, prices of most other commodities went up. In particular, cotton prices rose by 9.1% at end June 2009

compared to their level at the end of the previous year as was the case for copper (+76.1%) and zinc (+38.8%).

As for **inflation**, household consumer prices pursued their drop in the industrialised countries, mainly, under the effect of tighter demand. In June 2009, they dropped in terms of annual drift by :

* 1.4% in the United States vs. -1.3% in the previous month,

* 0.1% in the Euro Zone, which is the first decrease ever recorded after a stable level in May.

On the **international foreign exchange market**, and following a decrease in the euro exchange rate at mid June 2009 (1.38 dollar on 15 of this month), the European single currency posted an appreciation, going beyond 1.40 dollar as of 23 June. This rise is attributable, mainly, to investors' optimism about the economic outlook, notably, in the Euro Zone given that they are no longer attracted to currency refuge like the dollar and the yen and their tendency towards better yield currency like the euro.

As for **the international stock indexes**, the most important posted an improvement up to end June 2009, attributable, mainly, to positive results announced by the greatest economic and financial corporations, notably, the American one. In particular, Dow Jones and CAC 40 indexes grew in June 2009 by 8.1% and 13.4% respectively compared to their level of end 2008, when the increase reached some 30% for Nasdaq index.

NATIONAL CLIMATE

ECONOMIC ACTIVITY : Drop of production in manufacturing industries and slower activity in services contrasting with consolidated agricultural production concurrently with inflation regression

At the end of the first half of 2009, **the national economic activity** was marked by better production in the sectors of agriculture and non-manufacturing industries. Inversely, the effect of tighter external demand on production and export was pursued for manufacturing industries as well as some tertiary sectors like tourism. Thus, the economic growth rate is expected to reach 3% in 2009 vs. 4.6% in the previous year.

1- Agriculture and fishing

The different regions of large-scale farming posted a significant activity in line with cereal harvesting season. Production would go beyond the previous season's harvest which came at 11.9 million quintals. Worth of note that some areas posted satisfactory quality with high yield.

The collected quantities of cereals by the different collecting companies came at some 5.7 million quintals at early July 2009, 2.9 million quintals of which of hard wheat compared to a total of 3.4 million quintals a year earlier.

Wheat, barley and corn imports dropped by 10.1% in quantity and 40.6% in value over the first half of the current year, down to about 1,090 thousand tonnes for 370 MTD.

As for **tree farming, olive oil exports** totalled some 110 thousand tonnes from the beginning of the season and up to end June 2009 (for a value of 409 MTD), 3.6 thousand tonnes of which processed oil, compared to 151 thousand tonnes,

678 MTD and 2.4 thousand tonnes respectively in the same period of the previous season. This drop is attributable to demand stagnation on the world markets.

Date exports went up from the beginning of the season and up to 16 June 2009, reaching some 46 thousand tonnes for 140 MTD, up by 27.8% in quantity and 29.6% in value.

In fishing and aquaculture and due to production regression, **seafood exports** came at 9.4 thousand tonnes over the first half of the current year, for about 111 MTD, compared to 11.5 thousand tonnes and 124.4 MTD in the same period of 2008.

The balance of food with abroad posted 96.3 MTD in surplus over the first half of 2009 compared to 215.4 MTD in deficit over the same period of the previous year, and this following import drop at a faster pace than exports (-36.9% vs. -15.4%). Thus, the rate of coverage increased from 83.4% to 111.80% from one period to the next. Worth of note that prices of the main imported products dropped compared to the previous year, like cereals and vegetable oil. Similarly, export prices for olive oil dropped by some 19%.

Domestic market supply was abundant for most products like summer fruits and vegetables except for some shortage recorded in potato which posted a substantial increase in prices. Thus, the increase in **foodstuff price index** dropped to 2.4% in the first half of the current year, compared to 7.9% in the same period of the previous year.

2- Industrial Activity

The **industrial production index** decreased by 7.5% in the first half of 2009 compared to 4.8% progress in the same period of the previous year, in the wake of lower production in manufacturing industries (-11% vs. 8.3% last year) ; whereas production in energy and mining sectors recovered : 8.2% and 12.1% vs. -9.1% and -4.2% respectively.

The industrial production index posted a relatively better progress pace compared to the first three months of the current year (-9.1%), mainly, following a significant rise in energy production index in April and May : 13.5% and 15.1% respectively in terms of annual shift.

Drop in **manufacturing industries** production was pursued notably in mechanical and electrical industries (-15.5% at end June 2009 vs. 16.8% last year), textile/clothing and leather/footwear (-19.8% vs. 7%) and chemical industries (-13% vs. 5.2%) due to tighter external demand ; while miscellaneous industries were the only manufacturing sector to post a progress (1.7% vs. 5.5% last year).

The increase in production of the **sector of energy** is attributable, mainly, to better production in hydrocarbon as from August 2008. In particular, the index of extraction and refining of hydrocarbon posted a net recovery in the first half of the current year (12.8% vs. -17.4% last year), notably in April and May (+23.8% and +28.3% respectively in terms of annual shift).

As for **foreign trade**, exports of manufacturing industries posted, at end June 2009, a drop in all sectors, in particular chemical industries (-45.6%), mechanical and electrical

industries (-15.4%) and textile/clothing industries (-15.2%). In the same period, **imports of raw materials and semi-finished products** dropped by 21.4% in line with tighter industrial activity.

3- Tourism

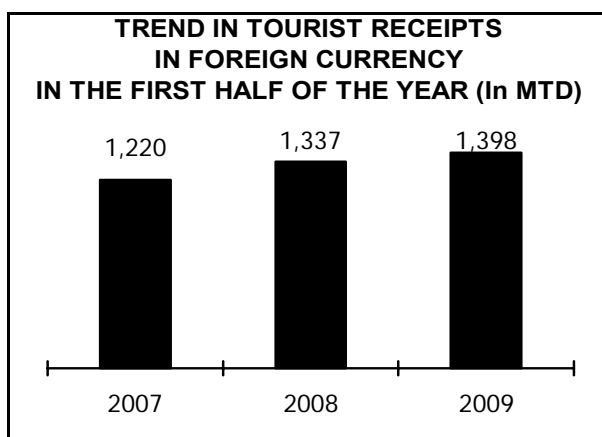
Tourist sector indicator continued to drop in June 2009, excluding tourist receipts in foreign currency which progressed by 10.8% in terms of annual shift compared to 9.7% in the same month of the previous year and a slight drop of 0.7% in May. In effect, foreign tourist entries and overall tourist bednights decreased by 2% and 8.1% respectively vs. 9.4% and 7.3% increase a year earlier.

In the first half of the current year, the **number of foreign tourists** posted a weak progress of 0.5% vs. 5.4% a year earlier, totalling some 3 million tourists. This rise is attributable to **Maghreb tourist** entries (12.7% vs. 8% at end June 2008), in particular the Libyans (17.8% vs. 11.3%). Drop in the number of **European tourists** was pursued in a substantial way (-8.1% in the first half of 2009 vs. 3.4% a year earlier), notably, for the main nationalities like the French (-3.7% vs. +8.1%) the German (-6.8% vs. a stability a year before) and the Italian (-12.7% vs. +4.2%).

Overall tourist bednights decreased by 5.8% in the first half of 2009 compared to 3.3% increase in the same period of the previous year, totalling 13.8 million units. Exclusive of Tunis-Zaghouan which posted a slight increase (0.6% vs. 10.2% last year), the other regions posted a drop ranging between 1% in the zone of Tabarka-Aïn Drahem and 8.7% in the area of Djerba-Zarzis.

The **relative rate of occupancy** posted, up to end June 2009, 1.3 percentage point drop compared to 1.4 point increase a year earlier, coming at 40.8%. As for tourist zones, results diverged between negative in the areas of Yasmine-Hammamet (-5.9 points), Sousse (-2.5 points) and Djerba-Zarzis (-1.3 point) and positive in the zones of Nabeul-Hammamet (+1.7 point), Tabarka-Aïn Draham (+1.3 point), Monastir-Skanes (+1.1 point) and Mahdia (+0.8 point).

Tourist receipts in foreign currency progressed by 4.6% in the first half of the current year (-0.4% without the exchange effect) vs. 9.6% in the same period of last year, coming at some 1,398 MTD.



4- Air transport

Passengers' air traffic dropped by 7.2% in June 2009 in terms of annual shift compared to 10.2% rise in June of the previous year and 2.5% drop in the previous month.

In the first half of the current year, this activity dropped by 4% compared to 4.6% increase in the same period of last year, accounting for 4.5 million passengers. This is attributable to **international lines** (-3.8% vs. 4.9% a year before) and also **domestic lines** (-7.4% vs. -0.3%).

By airport, the results diverged between negative in the airports of Jerba (-8.9%), Monastir (-7.6%) and Sfax (-7.2%) and positive in the airports of Tunis-

Carthage (+1.6%), Tozeur (+8.4%), Gafsa (+5.1%) and Gabes (+86.9%).

5- Investment projects

Investment projects declared in manufacturing industries and services other than tourism progressed by 4.1% in the first half of 2009 vs. 30.2% in the same period of the previous year, totalling some 2,110 MTD. These investments will help create 5,289 projects, up by 15.8%, but the number of jobs to be created will decrease by 14.6%, down to some 55 thousand jobs. The slower volume of investment is attributable to a decline in manufacturing industries, more precisely totally-exporting industries.

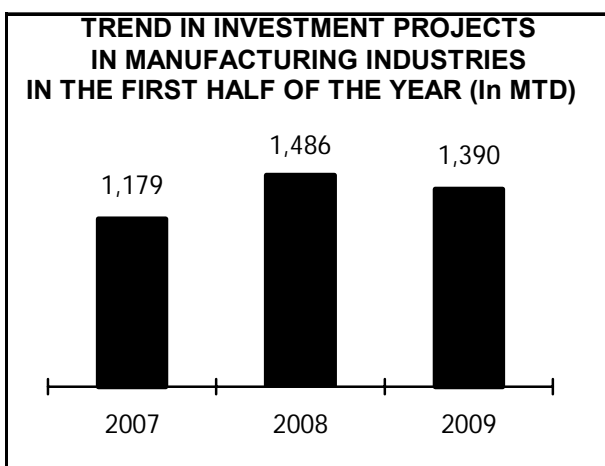
In **manufacturing industries**, investment projects dropped by 6.5% at end June 2009 vs. 26% increase a year earlier, coming at some 1,390 MTD. Thus, the number of jobs to be created regressed, from 42,304 to 31,566 jobs from one period to the next, despite a virtual stability in the number of declared projects (+0.1%), corresponding to 1,688 projects.

The drop hit **totally-exporting industries**, which decreased by 35.6% of declared investment compared to +77.3% progress a year before. Concurrently, the number of projects and jobs to be created in these industries dropped by 13% and 36.2% respectively. Regression in investment projects is due to the sectors of agro-food industries (-51.2%), chemical industries (-70.9%) and textile/clothing industries (-51.2%). This was led by declaration, over the first half of 2008, of great projects in these sectors. Inversely, mechanical and electrical industries improved by 6.5% following declaration of two projects related to production of aeronautic components and electrical wires for respective costs of 56.6 MTD and 22 MTD.

Investment projects in **local market-oriented manufacturing industries** grew by 19.7%, a trend which concerned, notably, textile/clothing, agrofood and chemical industries.

At the regional level, investment projects increased by 40.8% in **regional development zones**, raising their share in overall declared investment from 27.7% to 41.8% from one period to the next. Investment progress concerned, in particular, the governorates of Zaghouan, Beja and Gafsa.

In **services other than tourism**, the number of projects increased by 25% and the volume of declared investment went up by 33.3% vs. 15.4% and 43% respectively in the first half of 2008, totalling 3,601 projects and some 720 MTD. These projects will help create 22.9 thousand jobs, up by 6.6% compared to the same period of the previous year. Drop of investment projects in **totally export-oriented services** (-44.4%) contrasted with an increase in **local market-oriented services** (47.7%) which represent 94% of total.



6- Trend in prices

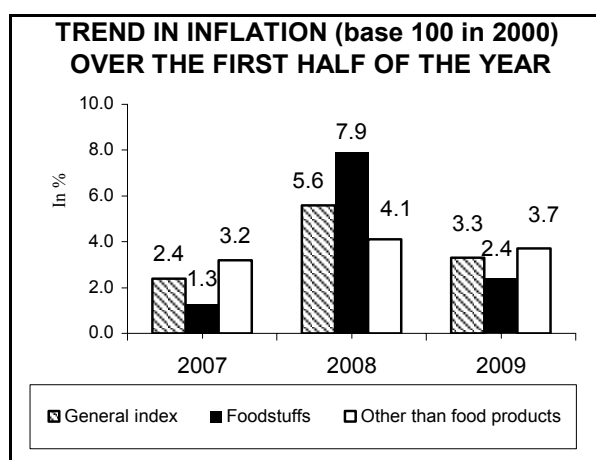
The **general index of household consumer prices** rose, in June 2009, by 0.5% vs. 0.3% in the previous month and in June 2008. This trend is attributable, mainly, to higher prices for **clothing** (1%) and **foodstuff** and **housing** (0.7% for each of the two items of products) in line, notably, with higher prices for fresh fruits (2.5%) and fresh vegetables (1.7%) as well as prices of building materials and rentals (2.6% and 1.9% respectively).

In terms of annual shift, the increase in the general index of prices came at 3.5%

in June 2009 vs. 3.3% a month before and 4.9% in June 2008. This slower pace concerned **housing** (3.2% vs. 6.3% last year), **foodstuff** (3.7% vs. 6.3%), **transport** (3.3% vs. 3.5%) as well as **clothing** (2.3% vs. 2.6%).

In terms of monthly averages, the **inflation** level came at 3.3% in the first half of 2009 vs. 5.6% in the same period of the previous year. This easing was mainly led by slower prices for **foodstuff** (2.4% vs. 7.9% a year before), notably, oil (-10.6% vs. 15.8%), fruits (-3.6% vs. 9.3%) and vegetables (2.6% vs. 8%) ; as well as prices for **transport** (3.3% vs. 5.3%), in particular private transport (3.7% vs. 8.5%) and, to a lesser degree, **housing** prices (4.3% vs. 5.4%).

Excluding **foodstuff**, consumer price rise came at 3.7% in average vs. 4.1% in the first half of 2008. Excluding **foodstuff and energy**, the inflation rate came at 3.7% vs. 3.3% a year earlier. Worth of note that progress pace in the prices of energy went down sharply compared with the previous year (4.8% vs. 12.2%).



By regime of price fixing, a notable deceleration in price rise for **freely-set products** (3.4% in average vs. 5% at end June 2008) was recorded, hitting exclusively **foodstuffs** (2.4% vs. 6.9%). Price rise for **controlled products** posted the same trend, particularly for, **foodstuffs** (2.4% vs. 11.7%).

FINANCIAL SYSTEM SITUATION : More pronounced bank liquidity surplus in the second quarter of 2009 and slower level of M3 aggregate along with a slowdown in net claims abroad and financing to the economy in the first half of the same year

I - BANK LIQUIDITY AND REFINANCING OF THE FINANCIAL SYSTEM¹

1- Bank liquidity

Liquidity surplus which marked the first quarter of 2009 was further consolidated in the following quarter, reflecting the expansive effect exerted by an increase in net assets abroad and the net balance of public administration. This expansion would have been more pronounced if it had not been for the restrictive effect led by an increase in bills and coins in circulation. Worth of note in this respect that excess liquidity firming up was an accumulated situation from March when liquidity surplus reached its paroxysm but its extents were attenuated just partially by the restrictive effect of autonomous factors in April, May and June.

At 9,722 MTD in average over the second quarter of 2009, **net assets abroad** were consolidated by 280 MTD. Their firming up was mainly led by a drop in the account "intervention on the money market in foreign currency" which was combined with an increase in net assets in foreign currency respectively by 202 MTD and 103 MTD.

The increase in net assets in foreign currency which would have been more pronounced if it had not been for expenditure to reimburse external debt was, mainly, led by :

- encashment of significant receipts from drawings on external borrowings granted, notably, by the European Investment Bank (BEI) : 62 MTD, 47 MTD of which for the

STEG ; and those granted by several money lenders to TAV-Tunisie company which is in charge of working out of Enfidha airport (47 MTD) ;

- cash flows in the form of foreign direct investment, notably, the creation by "British-gas" of its affiliate "Tunisian Processing Company" (36 MTD) ;

- and consolidation of the positive balance of services in line with tourist receipts firming up.

In the same way, the **net balance of public administration** which came at 3 MTD, went up by 109 MTD from one quarter to the next, contributing to better bank liquidity. Its firming up is mainly attributable to :

- a drop in the balance of the Treasury current account (down by 65 MTD) led notably by commitment of expenditure, mainly, transfers for certain companies and public structures (917 MTD) and in particular, social security funds, oil companies, the cereals Board and the oil Board. This was concurrently with commitment of expenditure to reimburse external debt and a substantial amount in interest on BTA (126 MTD). The effect of this expenditure was however lessened by significant resources, notably, fiscal ones, which were combined with encashment of 106 MTD in subscriptions to Treasury bonds (98 MTD of which in the form of BTA) and collection of dividends of Tunisie Telecom (139 MTD) as well as part of profit of Gafsa Phosphate Company (150 MTD) and the Tunisian chemical Group (150 MTD) in 2008 accounting year ;

¹ Statistical data are presented in terms of quarterly averages.

- 27 MTD increase in advance to the State with respect to subscription to international monetary funds in the wake of annual readjustment of SDRs rate. Worth of note that this heading includes the counter-value in dinars of settled amounts with respect to subscriptions relating to Tunisia share in capital of the IMF and AMF ; and

- the expansive effect led by the respective drops in FOPRODI and FONAPRA accounts (13 MTD and 7 MTD).

TREND IN FACTORS OF BANK LIQUIDITY

(Daily averages in MTD)

Description	1 st qua. 2009	2 nd qua. 2009	Var. 2 nd qua. 2009 / 1 st qua. 2009 ⁽¹⁾
Bills & coins in circulation	-4,628	-4,719	-91
Net balance of public administration	-106	3	+109
Of which : Treasury current account balance	-654	-589	+65
Net assets abroad	9,442	9,722	+280
Of which : Net assets in foreign currency	12,028	12,131	+103
Other net factors	-3,315	-3,365	-50
= (A) TOTAL AUTONOMOUS FACTORS	1,393	1,641	+248
Calls for bids	-696	-935	-239
One to seven-day allowance uptake	5	0	-5
Net tapping operations	-5	0	+5
Open market operations	25	25	0
Standing facilities for 24-hour deposit	-17	-15	+2
Standing facilities for 24-hour credit	0	2	2
= (B) TOTAL MONETARY POLICY OPERATIONS	-688	-923	-235
= (A)+(B) ASSETS IN BANKS' CURRENT ACCOUNT	705	718	+13

(1) The (-) sign indicates a restrictive effect and the (+) sign indicates an expansive effect.

However, **bills and coins in circulation** which came at 4,719 MTD in average in the second quarter of 2009, went up by 91 MTD, bringing about a commensurate tightening in bank liquidity. Over the considered period, their level fluctuated between a minimum of 4,627 MTD and a maximum of 4,873 MTD recorded on 16 April and 30 June respectively.

In considering trend in the main autonomous factors of bank liquidity,

monetary policy operations led by the Central Bank in the second quarter of 2009 yielded an average tapping of 923 MTD vs. 688 MTD in the previous quarter. Consequently, **assets in banks' current account** increased by 13 MTD to reach 718 MTD.

2- Monetary Policy Operations

The increase in supply by surplus banks along with a drop in demand by banks that need liquidity yielded 235 MTD increase in liquidity surplus on the money market over the second quarter of 2009, coming at 923 MTD vs. 688 MTD in the previous quarter.

Transactions regressed on the **interbank market** from 516 MTD in average to 396 MTD, down by 120 MTD from one quarter to the next. This trend influenced the drop in forward transactions and sight transactions for respective amounts of 114 MTD and 6 MTD. Worth of note in this respect that forward transactions continue to dominate with a share of 71% in total.

In the framework of its monetary policy operations, the issuing Institute focussed its interventions, mainly, on **negative calls for bid** for durations between one week and one month. Overall, an average amount of 935 MTD was mopped up under this form in the second quarter of 2009 compared to 696 MTD in the previous quarter. Worth of note that amounts mopped up over the considered period varied between a minimum of 678 MTD and a maximum of 1,139 MTD compared to 420 MTD and 1,340 MTD respectively over the previous quarter.

Banks resorted to the issuing Institute to place their excess liquidity through **24 hour standing facilities of deposit** for amounts varying between 4 MTD and 304 MTD, an average 15 MTD for the considered period. In the same way,

24-hour credit facilities were carried out for amounts varying between 11 MTD and 23 MTD, 2 MTD in average.

The outstanding balance of **open market operations** came at 25 MTD throughout the quarter, the same level as the previous quarter.

Weighted day-to-day interest rate on the money market fluctuated between 4.05% and 4.50%. Thus, the money market average rate came at 4.30%, 4.23% and 4.25% respectively in April, May and June 2009.

The savings interest rate posted a drop in line with money market average rate easing, down from 2.70% in March to 2.25% in April, maintaining thus the same level in May and June 2009.

II- TREND IN FINANCIAL SYSTEM RESOURCES AND THEIR COUNTERPARTS

Counterparts of financial system resources were marked, over the first half of 2009, by consolidation of net claims on the State while financing to the economy and net claims abroad posted a slower growth.

TRENDS IN FINANCIAL SYSTEM RESOURCES AND THEIR COUNTERPARTS

(Figures at end of period in MTD)

Description	June * 2009	Variation in %	
		June 2008 Dec. 2007	June 2009 Dec. 2008
M4 AGGREGATE	36,252	8.6	5.4
Money supply (M3)	36,041	8.8	5.6
Money supply (M2)	34,170	8.7	5.8
Money (M1)	12,956	7.1	4.6
Quasi-money	21,214	9.7	6.6
M3 – M2	1,871	9.9	0.9
M4 – M3	211	-4.9	-17.6
NET CLAIMS ABROAD**	9,004	776.0	624.0
DOMESTIC LOANS	40,163	4.6	4.8
Net claims on the State**	6,081	31.0	300.0
of which :			
- Treasury bonds **	2,398	-406.0	330.0
- Treasury current account**	489	-183.0	92.0
Financing of the economy	34,082	5.4	4.7

* Provisional data for 2009.

** For these aggregates, variations are expressed in MTD.

These trends influenced M3 aggregate which went up at a slower pace than a year earlier : 5.6% vs. 8.8%. Similarly and in terms of annual shift, progress pace decelerated (11% in June 2009 vs. 16.2% in June 2008).

1- Money supply M2

Progress pace for money supply M2 over the first half of 2009 posted a deceleration compared to the same period of 2008, reflecting thus an evolution in available money and quasi-money.

Available money (M1) increased by 4.6% over the considered period compared to 7.1% in 2008, under the effect of slower growth in bank money (3.9% vs. 11.1%), fiduciary money having rather firmed up (6% vs. 0.4%) in line with payment in advance of the remainder of wage increase in 2008 and payment of the second portion for 2009. Slower pace in bank money is attributable to that of sight deposit at banks (6% or 418 MTD vs. 10.8% or 673 MTD) and a drop in sight deposit at the CCP (-9.9% or -97 MTD vs. +17.8% or +123 MTD).

Sight deposit at banks went up by 167 MTD in June 2009 following, mainly, deposit of some mutual investment funds and a number of oil companies. Bills and coins in circulation increased by 130 MTD over the same month due mainly to advances given by the cereals Board to farmers to help them cover expenditure of the current harvesting season.

Consequently, there was a deceleration at the level of quasi-money in the first half of 2009 (6.6% vs. 9.7%) notably in the wake of a slower growth in forward deposit and other financial products (4% or 341 MTD vs. 9.3% or 671 MTD) and to a lesser degree in that of the outstanding balance of certificates of deposit (26.5% or 353 MTD vs. 40.1% or 396 MTD) ; whereas deposits in special savings accounts at banks evolved at a pace comparable to that of last year (4.7% vs. 4.3%).

In June, the outstanding balance of forward deposits and other financial products went up by 71 MTD following deposits made by Tunisie Telecom, CPG and some SICARs. Drop in the outstanding balance of certificate of deposit (43 MTD) was led by the falling due of certificates subscribed to beforehand by the CNAM, Tunisia chemical group and ORASCOM.

2- "M3 - M2" aggregate

"M3-M2" aggregate grew at a slower pace in the first half of 2009 (0.9% vs. 9.9%) attributable, mainly, to that of the outstanding balance of debenture loans, the latter having increased by just 1.5% or 10 MTD vs. 29% or 153 MTD a year earlier. This trend reflects significant amounts reimbursed over the considered period : 166 MTD (the early reimbursement of which was operated by the BH and Attijari Bank for respective amounts of 70 MTD and 50 MTD) compared to 16 MTD ; whereas issues from the beginning of the year totalled 175 MTD vs. 190 MTD in 2008.

Worth of note that only one debenture loan was issued by the International Leasing Company (CIL) for 20 MTD and totally subscribed to in June. This borrowing was subdivided in two portions of maturity for 5 years each, the first at a variable interest rate that is equal to average TMM plus one percentage point ; whereas the second has a fixed interest rate of 5.5%. It should be noted also that the CMF granted its visa to the UIB for bond issue of 100 MTD with a subscription period that ranges between 6 and 17 July 2009.

3- Net claims abroad

Over the considered period, net claims abroad rose by 624 MTD compared to 776 MTD in the same period of last year due, mainly, to firming up of net assets in foreign currency which came at 12,207 MTD,

corresponding to 161 days of import compared to 9,957 MTD and 129 days respectively a year before. This trend was lessened by a progress in banks' commitments abroad in the wake of higher non-resident deposits.

Net assets in foreign currency grew in June by 135 MTD mainly, in the wake of mobilising of external resources of which, notably, borrowings for the STEG and "TAV-Tunisie" company as well as resources with respect to foreign direct investment relative to opening of an affiliate of the British company "British Gas" in Tunisia.

4- Net claims on the State

State net indebtedness with respect to the financial system posted 300 MTD increase in the first half of 2009 compared to 31 MTD a year earlier in line with sharp recovery in the outstanding balance of Treasury bonds in banks' portfolio (+330 MTD vs. -406 MTD) though overall net subscriptions were negative (-190 MTD).

From one month to the next, the balance of the Treasury current account posted 46 MTD increase in the wake of encashment of significant tax resources and part of profit of the Tunisian chemical Group (50 MTD) as well as disbursements for some public companies (192 MTD) and for reimbursement of external debt service (133 MTD).

5- Financing of the economy

Influenced by fallouts of slower world economic activity on the national growth, financial system loans to the economy posted, over the first six months of 2009, a slower progress pace, increasing by just 4.7% compared to 5.4% and this following slower outstanding balance of loans on ordinary resources (5% or 1,454 MTD vs. 6.2% or 1,544 MTD) ; whereas the outstanding balance of loans on special resources and that of treasury bills

continued rather to go down (-3% and -17.6% vs. -1% and -4.9% respectively). The outstanding balance of portfolio-securities increased by 167 MTD vs. 42 MTD.

As per statistics of the risk base and the file of loans to individuals and in considering approval and guarantee, private

individuals enjoyed high level of loans in the first five months of 2009 (422 MTD vs. 473 MTD in the same period of 2008) followed by the sectors of services (377 MTD vs. 428 MTD) and agriculture (33 MTD vs. 50 MTD). However the outstanding balance of loans to industry went down (-116 MTD vs. +197 MTD).

CAPITAL MARKET : Ongoing increase in stock indexes and consolidated activity in capital trading on the stock quotation

Over the second quarter of 2009, the Tunisian capital market activity was marked by :

- a decrease in Treasury issues which totalled just 106 MTD compared to 436 MTD over the previous quarter due, notably, to interruption of these issues throughout May and June. Consequently, money drain by the Treasury in the first half of 2009 came at 542 MTD while the volume anticipated in the indicative calendar of State issues for the same period was 850 MTD.

Corporate issues through public call for savings went down as well ; funds raised with respect to debenture loans and capital increase in cash through public call for savings from one quarter to the next went down from 125 MTD and 9.75 MTD respectively to 100 MTD and 3.25 MTD ;

- dynamic transactions on the stock quotation, traded capital volume being 509 MTD on capital securities and 18 MTD on claim securities against 261 MTD and 13 MTD respectively in the last quarter ;

- almost an ongoing increase in TUNINDEX which yielded 18.1% in the second quarter : 27.1% in performance as of early 2009.

On the other hand, the major events noticed over the second quarter of 2009 consisted in :

- Introduction of capital securities of the company "SERVICOM" to the alternative market of the stock quotation through public bid at firm price and start up of negotiations on these securities as of 25 June 2009. The number of listed companies came thus to 51 units at end June 2009 ;

- Suspension of quotation on stocks of the company "Palm Beach Hotels Tunisia" as of 30 June 2009, following a demand for launching a public withdrawal bid on stocks of the mentioned company that was transmitted to the CMF by shareholders holding 99.29% of ordinary shares and 90.84% of shares with priority dividend without the voting rights and targeting acquisition of shares that they don't held in the capital of the company ;

- Granting CMF authorisation for the creation of 4 mutual investment funds (FCP) of a mixed type and granting its visa for opening to the public of an FCP of mixed type for holders of stock savings accounts as well as start up of public subscription in 4 other mixed FCP.

At the regulatory level, the quarter witnessed publication of bylaw of the Minister of finance dated 1st April 2009 which fixed conditions for creation, organization and functioning of the fund of guarantee of client of the stock market and financial products. This fund, which aims at protecting clients against non-commercial risks, was created in May 2009.

Concurrently, the rate of royalties and commissions collected by the CMF for operations negotiated on the market was brought down from 25% to 23% of the amount of commissions on stock transactions collected by Tunis Stock Exchange market (BVMT)¹.

Furthermore, decree n°2009-1502 of 18 May 2009 amended conditions for

¹ Bylaw of Minister of Finance of 1st April 2009, modifying bylaw of 27 March 1996, fixing rates and modalities for collection of royalties and commissions going to the CMF and BVMT for issues of stocks, transactions and other stock market operations.

carrying activity at companies managing stock market portfolio on behalf of third parties¹.

As per this decree, in particular, the management company must be endowed with the human and material means that are necessary for implementing its activity programme. Besides, conformity and internal control manager should be appointed within the company in compliance with conditions set by CMF regulation. This decree makes it necessary to deposit clients' stocks and cash money at one or several banking establishments upon the client choice.

Primary market:

The second quarter of 2009 was marked by lower Treasury drawings in the wake of interruption of public issue in May and June.

State issues were thus limited to April and totalled 106 MTD, 98 MTD in issues of bonds equivalent to Treasury bonds (BTA) and 8 MTD in the form of short term Treasury bonds (BTCT) against 358 MTD and 78 MTD in the previous quarter respectively.

Breakdown of bonds by maturity shows that while the Treasury continued to issues exclusively on 52-week maturity for BTCT, drawings on BTA were rather diversified and involved 4,7 and 10-year maturities.

Auction results confirmed the downward trend in rates at issue of Treasury bonds. In fact, the average weighted rates from auctions were below the money market average rate (TMM)² for BTCT and almost at the same level of TMM for BTA with a 4-year maturity.

¹ Decree n°2009-1502 of 18 May 2009 completing decree n°2006-1294 of 8 May 2006, providing for application of provisions of article 23 of law n°2005-96 of 18 October 2005 relative to reinforcing security of financial relations.

² In April 2009, TMM was 4.3%.

(Figures in MTD)

Issuing line	Maturity	Subscribed amount (MTD)	Average weighted rate at issue (%)
BTCT issues	52 weeks	8.5	4.164
BTA issues		97.6	
BTA 5% March 2013	4 years	43.4	4.313
BTA 5.25% March 2016	7 years	26.5	4.543
BTA 5.5% March 2019	10 years	27.7	4.803
TOTAL		106.1	

Corporate capital securities issues though public call for savings in the second quarter of 2009 posted :

- cash increase in the capital of SERVICOM company, up by 3.25 MTD in the framework of introduction of its shares on the alternative market of the stock quotation ;

- grating of CMF visa to prospectus for capital increase in cash for the BNA by 50 MTD to be paid up at half during subscription (the other half to be paid up in 2010) and this by the issue of 10 million new shares for nominal value of 5 dinars and with an issuing premium of 2 dinars per share. This capital increase operation was entirely subscribed to on 6 July 2009, corresponding to the deadline for public subscription initially set at 4 June 2009.

Corporate capital securities making public call for savings witnessed the following operations :

- capital increase through incorporation of reserves of the BNA (10 MTD), TPR (4 MTD), BT (37.5 MTD), ASSAD (2 MTD) and COMAR (20 MTD) ;

- grating of CMF visa for capital increase in cash of BFPME reserved to current shareholders for 50 MTD to be paid- up at quarter at subscription in the period going from 10 June to 31 July 2009.

The bond market was marked by granting of CMF visa for the issue of 4 debenture loans for 200 MTD, 50 MTD of which included a subordination clause.

Three of these borrowings were entirely subscribed to in the second quarter for an accumulated amount of 100 MTD, the remaining borrowing being subscribed to in July 2009 for 100 MTD.

Issuer	Duration (years)	Amount (MTD)	Facial rate	Subscribed amount (MTD)
ATL	5	30	5.5%	30
ATB (*)	7 years, of which 2 years of grace	40	TMM+0.5%	3.5
	10 years, of which 2 years of grace		TMM+0.75%	36.5
	15 years, of which 5 years of grace	10	5.7%	5
	20 years, of which 5 years of grace		5.9%	5
CIL	5	20	TMM+1%	5.7
			5.5%	14.3
UIB	10	100	5.25%	29.7
	15		5.5%	25
	20		5.85%	45.3

* Subordinated borrowing.

It should be noted on the other hand that the second quarter of 2009 witnessed early reimbursement of two debenture loans issued in 2008 by two local banks :

- The BH (Housing bank) for the borrowing issued in April 2008 at a fixed rate of 7% for 70 MTD reimbursable on 15 years, two years of which a grace period.

- Attijari Bank for the borrowing issued in December 2008 for 50 MTD and including two categories of securities, one is reimbursable over 15 years and issued at a fixed rate of 6.85% and the other is

reimbursable over 20 years and issued at a fixed rate of 7%. As for activity of mutual funds investing in securities (OPVCM), CMF gave its authorization in the second quarter of 2009 for the creation of 4 FCP of mixed type : FCP Smart Equity, Tunisian Equity Fund¹, FCP viveo Nouvelles Introduites and FCP Serena Valeurs Financières and gave visa for prospectus of opening to the Public of mixed FCP MAC "Epargne action FCP" for holders of stock savings accounts.

The quarter posted also start up of public subscriptions in 4 other mixed FCP : FCP stock savings account Maxula, FCP Maxula Stability, Al Amanah Ethical FCP and Attijari FCP stock savings account.

Assets managed by OPVCM went up by 8.5% compared to the previous quarter, totalling 4,259 MTD, 3,814 MTD of which managed by bond units.

Secondary market

Stock market activity was characterized by a quasi-continued increase in TUNINDEX, the index of reference and pursuit of transactions in high volumes.

Transactions on capital securities carried on the stock quotation posted a daily average of 8 MTD in the second quarter of 2009 compared to 4.3 MTD a quarter before.

Trading on claim securities went up from 13.5 MTD to 18.2 MTD in the same period.

Stock market capitalisation increased by 14.5% compared to its level of end March 2009 and totalled 10,126 MTD at end June 2009.

¹ For an initial amount of 8 MTD.

ACCUMULATED AMOUNT OF STOCK TRANSACTIONS AND ISSUES THROUGH PUBLIC CALL FOR SAVINGS

(Figures in MTD)

Description	1 st quarter 2009	2 nd quarter 2009	Var.
Global amount of transactions	1,163	742	-421
Stock quotation	274	527	253
Off list	7	8	1
Registry operations	882	207	-675
Amount of issues	570.75	209.25	-361.5
State issues	436	106	-330
Corporate issues through public call for savings	134.75	103.25	-31.5
Shares	9.75	3.25	-6.5
Bonds	125	100	-25

As for yield on listed shares, the market trend was upward, 37 shares having achieved a positive quarterly performance at rates varying between 0.8% and 217.6%, the best yield being achieved by SOTUVER ; whereas 11 other shares posted a drop in their rates varying between -0.6% and -19.7%.

SERVICOM share, recently introduced on the stock market closed for the second quarter of 2009 at 3.500 dinars : up by 7.7% compared to its rate of introduction. TUNINDEX the index way up by 18.1% between the first and the second quarter of 2009 and closed for June at 3,677.46 points, 27.1% in yield as of the beginning of the year. This rise hit all sectoral indexes which posted positive yields ranging between 6.3% for consumer goods index and 36% for that of industries.

TREND IN STOCK EXCHANGE INDICATORS

(Figures of end of period in MTD unless otherwise indicated)

Description	December 2008	March 2009	June 2009
TUNINDEX index in points (base 1,000 on 31 Dec. 1997)	2,892.4	3,112.96	3,677.46
Stock exchange capitalisation	8,301	8,842	10,126
Nber of listed companies (in units)	50	50	51
Liquidity rate (in %)	76	53	46

Foreign investors intervention on the stock quotation in the second quarter of 2009 was marked by an ongoing withdrawal of investors in April and May ; whereas June witnessed a slight return of these investors.

Thus transactions carried on behalf of foreign investor on the stock quotation totalled 55.3 MTD for acquisition compared to 80.2 MTD for transfers which focused in particular on BH shares which accounted for almost half of the sales following transfer of foreign fund of their share in the capital of the mentioned bank for Tunisian investors.

The balance from operations on behalf of foreigners on the secondary market was consequently negative by 24.9 MTD over the second quarter of 2009 compared to a net negative balance of 63 MTD in the previous quarter.

Concurrently, the share of foreign investors in overall capitalization of the market regressed to 23.9% at end June 2009.

EXTERNAL PAYMENTS : Better surplus for the general balance of payments in the wake of tighter current deficit

The general balance of payments yielded 547 MTD in surplus at the end of the first half of 2009 compared to 468 MTD a year earlier.

This improvement is attributable to tighter deficit in the balance of current transactions (down by 208 MTD to 719 MTD); whereas the surplus balance of financial operations and in capital regressed by 129 MTD, going down from 1,395 MTD to 1,266 MTD from one period to the next.

TREND IN THE MAIN BALANCES OF THE BALANCE OF PAYMENTS

(In.MTD)

DESCRIPTION	2007	2008*	1 st half	
			2008	2009*
A-CURRENT PAYMENTS	-1,175	-2,109	-927	-719
- Merchandises (FOB)	-3,685	-4,941	-1,912	-1,851
- Services	+2,699	+3,257	+1,257	+1,337
- Factor income	-419	-675	-370	-315
- Current transfers	+230	+250	+98	+110
B - FINANCIAL OPERATIONS AND IN CAPITAL	+2,105	+4,022	+1,395	+1,266
- Operations in capital	+212	+97	+49	+44
- Participations	+1,980	+3,156	+1,355	+682
- Short, medium and long term loan-borrowings	-87	+769	-9	+540
C-ADJUSTMENT OPERATIONS (NET FLOWS)	-47	+140	-	-
GENERAL BALANCE	+883	+2,053	+468	+547

* Provisional figures.

I- Balance of current transactions

The balance of current payments posted over the first half of 2009, 719 MTD in deficit, corresponding to 1.4% of GDP compared to 927 MTD and 1.8% in the same period of last year.

This trend is attributable, mainly, to better surplus of the balance of services (up by 80 MTD to 1,337 MTD) and tighter trade deficit which, expressed FOB-FOB regressed by 61 MTD, to reach 1,851 MTD compared to 1,912 MTD a year earlier. Concurrently, the deficit of the balance of

factor income regressed by 55 MTD to reach 315 MTD.

A- Balance of trade

Expressed FOB-CIF, trade deficit regressed by 222.8 MTD or 8.1%, to reach 2,512.3 MTD in the first half of 2009 vs. 2,735.1 MTD over the same period of the previous year. The rate of coverage was tightened however by 2.6 percentage points, coming in at 79.1% and this following a drop of exports at a faster pace than imports.

As for exports, they dropped by 22.2%, coming in at 9,517.7 MTD, a decrease which concerned to different degrees all the products.

Imports dropped by 19.6%, to reach 12,030 MTD over the same period of the current year and this following a decrease in the value of purchase of all products except for capital goods which progressed by 5.5%.

The evolution of the of balance of trade by groups of products shows :

- Recovery in the balance of energy which posted 133.9 MTD in surplus against 755.8 MTD in deficit in the same period of the previous year. Imports went down at a faster pace than exports : 58.3% and 32.2% respectively vs. 111% and 22.6% progress a year before. Following these trends, the rate of coverage improved by 43.4 percentage points to reach 112.9%.

- Recovery in the balance of food posted 96,3 MTD in surplus after 215.4 MTD in deficit. This trend is attributable to a drop in imports at a more sustained pace than exports : 36.9% and 15.4% respectively, coming at 818.5 MTD and 914.8MTD. Thus, the rate of coverage improved

significantly, going from 83.4% to 111.8% from one period to the next.

- Widening of the deficit of the balance of raw materials and semi-finished products by 205.6 MTD, coming at 1,239.2 MTD. Exports regressed at a faster pace than imports : 32.4% and 21.4% respectively, to reach 2,627.9 MTD and 3,867.1 MTD following notably a drop in purchases and sales of the sector of mining, phosphate and by-products, under the effect of both the drop in traded quantities and in the prices of these products. The rate of coverage decreased consequently to 68% vs. 79% a year earlier.

- Widening of the balance of capital goods which posted a deficit of 1,826.4 MTD in the first half of 2009 compared to 1.510 MTD a year earlier, attributable to import rise by 5.5% to 3,075.3 MTD and export drop by 11.2% to 1,248.9 MTD. Consequently, the rate of coverage went down by 7.6 percentage points to 40.6%.

- Tightening of the surplus balance of consumer goods by 456.6 MTD, to reach 323.1 MTD. This trend was led by respective drops of 14% and 3.6% in exports and imports to reach 3,557.6 MTD and 3,234.5 MTD respectively. Correlatively, the rate of coverage regressed to 110% against 123.2% a year earlier.

B- Balance of services and factor income

1- Balance of services

In the first half of 2009, the balance of services posted a surplus of 1,337 MTD, an increase of 6.4% or 80 MTD compared to the same period of last year, following mainly, an increase of 4.6% in tourist receipts, to reach 1,398 MTD vs. 1,337 MTD a year earlier. Worth of note that overall bednights regressed by 5.8%.

2- Balance of factor income

The deficit of the balance of factor income tightened 55 MTD, to reach 315 MTD in the first half of 2009 against 370 MTD a year earlier and this following, mainly, a drop in expenditure with respect to capital income, down by 7.7% to reach 1,453 MTD, 432 MTD of which meant to reimburse medium and long term debt interest. Concurrently, receipts from labour income (in cash and in type) went up by 76 MTD or 7.5%, totalling 1,083 MTD.

II- Balance of financial operations and in capital

This balance posted 1,266 MTD in surplus in the first half of 2009 vs. 1,395 MTD in the same period of 2008.

The main trends are :

* Surplus in the balance of foreign investment which dropped to 682 MTD in the first half of 2009 vs. 1,355 MTD a year earlier, a trend that was led by :

▪ drop in FDI flows to Tunisia, down by 36.2% to reach 829 MTD vs. 1,300 MTD in the same period of 2008, a period marked by :

◇ transfer of 60% of share in BTK for a net amount of 150 MTD.

◇ transfer of shares in the two hotels "Karthago" for 131 MTD.

◇ transfer of shares in "SAH" com-pany for a global value of some 56 MTD.

▪ drop in receipts for portfolio investment which came at 55 MTD vs. 144 MTD in the first half of 2008, some 74 MTD of which for transfer of shares in "ARTES" company.

* The surplus balance of loan-borrowing rose by 548 MTD from one period to the next, moving from 8 MTD in deficit to 540 MTD in surplus.

TREND IN THE DINAR EXCHANGE RATE AND FOREIGN EXCHANGE MARKET ACTIVITY : Depreciation of the Tunisian dinar against the euro

I. TREND IN THE DINAR EXCHANGE RATE

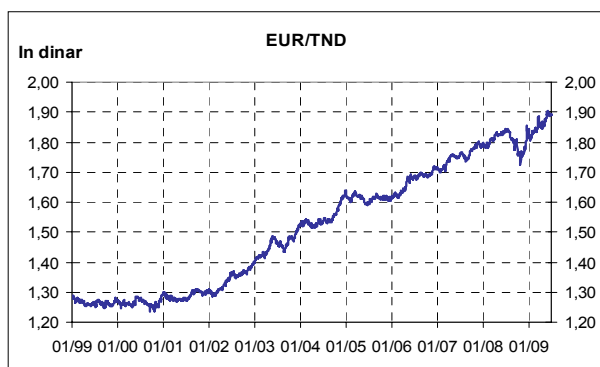
Trend in the dinar exchange rate on the interbank market over the first half of 2009 posted a depreciation against the euro (2.6%), the US dollar (2.2%) and the Moroccan dirham (1.2%). However, it appreciated against the Japanese yen (4.7%).

TREND IN THE EXCHANGE RATE USD/TND



In average, the dinar exchange rate posted, over the first six months of 2009 and compared to the same period of last year, a depreciation against the Japanese yen (22.8%), the US dollar (15%), the Moroccan dirham (4.8%) and the euro (2.4%).

TREND IN THE EXCHANGE RATE EUR/TND



II. TREND IN FOREIGN EXCHANGE MARKET ACTIVITY

A- Spot market

Transactions on the spot foreign exchange market totalled 19, 634 MTD in the first half of 2009 compared to 21,892 MTD in the same period of last year, down by 10%.

TREND IN SPOT EXCHANGE TRANSACTIONS

(In MTD)

Description	1 st half 2008	1 st half 2009	Variation in MDT
Currency against currency transactions	13,765	12,177	-1,588
Currency against dinar transactions	8,127	7,457	-670
Total	21,892	19,634	-2,258

1- Currency/dinar transactions

The volume of these transactions on the foreign exchange market totalled 7,457 MTD in the first half of 2009 compared to 8,127 MTD, down by 670 MTD or 8% compared to the same period of 2008.

The share of currency/dinar transactions represented 38% of the global volume of spot exchange transactions against 37% in the same period of 2008.

The share of interbank exchange in the first half of 2009 came at 95% vs. 5% for the Central Bank.

The Central Bank intervention reached 342 MTD, down by 211 MTD. Similarly, transactions on the interbank market dropped by 459 MTD or 6%.

TREND IN SPOT EXCHANGE TRANSACTIONS OF CURRENCY AGAINST DINAR

(In MTD)

Description	1 st half 2008	1 st half 2009	Variation in MDT
Transactions with the Central Bank of Tunisia	553	342	-211
Interbank market	7,574	7,115	-459
Total	8,127	7,457	-670

2- Currency/currency transactions

The volume of these transactions came at 12,177 MTD in the first six months of 2009 compared to 13,765 MTD in the same period of 2008, down by 12%.

The share of these transactions in overall spot exchange transactions accounted for 62%.

Transactions with foreign correspondents accounted for 95% of the overall volume of exchange.

TREND IN SPOT EXCHANGE TRANSACTIONS FROM ONE FOREIGN CURRENCY TO ANOTHER

(In MTD)

Description	1 st half 2008	1 st half 2009	Variation in MDT
Interbank market	530	561	+31
Transactions with foreign correspondents	13,235	11,616	-1,619
Total	13,765	12,177	-1,588

B - Forward market

The volume of forward exchange transactions totalled 1,391 MDT in the first half of 2009 vs. 1,762 MDT in the same period of 2008, down by 21%. The share of transactions in coverage of imports in the volume carried between banks and businesses came at 77% vs. 23% for transactions in coverage of exports.

Forward sale of currency transactions carried by Tunisian Authorised Intermediaries and relating to coverage against incurred foreign exchange risk by importers amounted to 1,010 MTD, down by 399 MTD. These transactions were, mainly, denominated in US dollar (54%) and in euro (41%).

Forward purchase transactions dropped by 33 MTD, over the same period, going down from 332 MTD to 299 MTD. The share of transactions denominated in dollar came at 51% compared to 47% for the euro.

TREND IN FORWARD EXCHANGE TRANSACTIONS

(In MTD)

Description	1 st half 2008	1 st half 2009	Variation in MDT
Between banks & companies	1,741	1,309	-432
Interbank market	21	82	+61
Total	1,762	1,391	-371

III. SWAP EXCHANGE TRANSACTIONS

The volume of swap exchange transactions amounted to 167 MTD in the first half of 2009 compared to 1,131 MTD in the same period of last year, down by 964 MTD.

OVERALL TRANSACTIONS CONCERNING FOREIGN CURRENCY/DINAR SWAPS

(In MTD)

Description	1 st half 2008	1 st half 2009	Variation in MDT
Interbank market	3	11	+8
With foreign correspondents	1,116	42	-1,074
With companies	12	114	+102
Total	1,131	167	-964

NEW REGULATING PROVISIONS

I – MEASURES IN FAVOUR OF THE FINANCIAL SYSTEM

A. SETTING UP A GUARANTEE FUND FOR CLIENTS ON THE STOCK MARKET AND FINANCIAL PRODUCTS

In application of article 62 of law n°94-117 of 14 November 1994, stock-brokers meeting at the extraordinary general assembly of 6 May 2009 decided to create a guarantee fund for clients on the stock and financial product market. This fund is managed by Tunis stock market (BVMT) and it seeks to protect clients against non-commercial risks tied to default by stock broker to honour his or her commitments. It intervenes only after the CMF college gives notification of such default.

This fund's resources come from :

- 5% of the amount of fees paid to the BVMT for stock market transactions on the market,

- an annual contribution in the amount of 1,000 dinars paid by each stock broker, and

- proceeds from investment of the fund's resources.

Guarantee of this fund cannot exceed an amount equivalent to two thirds of its available resources. The amount released is distributed among the clients that BVMT decided to compensate, prorated according to the interest of each client in the overall total of claims eligible for compensation, up to 30,000 dinars per client, whatever the number of his or her accounts, the total of paid amounts must not exceed 90% of the relevant amount of compensation for each client.

(Cf. Bylaw of Minister of Finance of 1st April 2009, published in the Official Journal of the Tunisian Republic (JORT)

n°28 of 7 April 2009 and BVMT press release of 8 May 2009).

B. STRENGTHENING THE ROLE OF THE CMF IN CARRYING ITS MISSIONS

In order to boost the role of the CMF in carrying its missions and therefore to reinforce financial relations security, it was decided that henceforth authorisation for carrying management of stock portfolio on behalf of third parties can only be granted on the basis of a programme of activity and human and material means of the management company and this to exert one or many of the following activities :

- individual management,

- management of open-end investment companies (SICAV), mutual funds investing in securities (OPCVM), venture-capital mutual investment fund (FCPR) and start-up funds.

Worth of note that this authorisation was previously given only upon a demand deposited by the founders of the management company at the CMF along with the documents with the list is set by the CMF.

Besides, the list of reasons prohibiting any person from managing a stock portfolio management company on behalf of third parties or being member of its executive board or its directorate or its supervisory board was extended by adding infringement to legal and regulatory texts relative to money laundering repression.

On another level, the company managing stock portfolio on behalf of third parties must hold neither its customers' stock accounts nor their cash money. These assets must be deposited upon the client's choice at one or many banks as per law n°2001-65 of 10 July 2001.

The executive board or the supervisory board of this type of company must appoint a manager of conformity and internal control as per conditions set by CMF regulation.

(Cf. decree n°2009-1502 of 18 May 2009 published in JORT n°41 of 22 May 2009).

C. NEW REGULATION WITH RESPECT TO OPENING “PROFIT-EXPORT” ACCOUNTS

The opening of “Profit-Export” special accounts can be henceforth made in convertible currency while it was previously made only in convertible dinars.

"Profit-export" special account in convertible currency is freely credited with the counter-value in foreign currency of 20% of the amount of profit made by the account holder or paid for him in dinar, in currency from income or proceeds from assets acquired abroad through account debiting and interest on amounts deposited in the account.

This account can be freely debited through transfer in dinar, on the foreign exchange market, remittance of currency to the account holder, his/her wife/husband, ascendants or descendant of first degree to travel abroad or any payment tied to current payment provided for by the foreign exchange and foreign trade regulation into force or any regulation for acquisition of property and interest abroad represented or not by securities or finally any management deed affecting assets built up abroad.

The rate for provisioning the “Profit-Export” special account in convertible dinar was raised from 15% to 20% of the amount of profit made by the account holder or paid on his behalf further to proceeds in dinar from transfer on the foreign exchange market of income or proceeds of assets acquired abroad through debiting of the account and interest on amounts deposited in the account.

(Cf. decree n°2009-2075 of 8 July 2009 published in JORT n°55 of 10 July 2009 and BCT circular to authorised intermediaries n°2009-15 of 24 July 2009).

D. WITHHOLDING A STUDY COMMISSION ON MICRO-CREDIT DOSSIERS

To better control their management and administration fees, the associations granting micro-credits were authorised to withhold a flat 2.5% study commission on dossier of micro-credit beneficiary. Worth of note that the maximum interest rate applied by the associations authorised to grant this type of loans is set at 5%.

(Cf. bylaw of the minister of finance of 30 March 2009 published in JORT n°27 of 3 April 2009).

II. CONJUNCTURAL MEASURES TO SUPPORT BUSINESSES IN PURSUING THEIR ACTIVITIES

A. EXTENDING ELIGIBILITY FOR CONJUNCTURAL MEASURES TO COMPANIES SET UP IN THE AREA OF ECONOMIC ACTIVITIES AND TO PARTIALLY-EXPORTING COMPANIES IN DIFFICULTY

In order to support any Tunisian company that could be hit by the effects of the international financial crisis, it was decided to extend the State's help to businesses other than totally-exporting ones.

In effect, State assumption of 50% of the employer contribution to the national legal regime of social security for wages paid to workers concerned by the measure regarding reduction of the working hours by at least eight hours a week due to slower activity and that used to concern only totally-exporting businesses as defined by article 10 of the code giving incentives to investors is henceforth extended to companies set up in the area of economic activity as well as companies having carried at least an average 50% of their turnover at export for 2007 and

2008 and this for companies operating in sectors covered by the code giving incentives to investors.

This was the same for State assumption of the employer contribution to the national legal regime of social security for wages paid to workers put on technical unemployment for reasons tied to slower growth in their activities linked to external markets. Thus, this measure was extended to the above-mentioned two categories of companies.

Besides, the deadline for applying these conjunctural measures, set previously at 30 June 2009, was extended to 31 December of the same year.

In order to support sales of totally exporting businesses, the ceiling for the share of sales or services on the local market accounting for part of production of these companies as well as companies set up in economic activity areas and operating in sectors covered by the code giving incentives to investment, was raised to 50% of the turnover at export instead of 30% for the first category and 20% for the second previously.

(Cf. Law n°2009-35 of 30 June 2009 published in JORT n°52 of 30 June 2009 and decree n°2009-2079 of 8 July 2009 published in JORT n°55 of 10 July 2009).

B. MODIFYING THE CONDITIONS FOR RESCHEDULING LOANS TO EXPORTING COMPANIES

In order to make the greatest number of companies enjoy support measures and following modification of eligibility conditions for financial advantages decided for companies hit by the world crisis, it was decided to extend the period concerned by rescheduling of loans. In fact, funding of unpaid maturities for loans given to exporting companies having made a delay in reimbursing their claims from exports or loss of their external contracts covers henceforth, that of loans granted over the

period going between 1st October 2008 and 31 December 2009 as well as overdrafts compared to the ceiling fixed in compliance with article 14 of BCT circular n°87-47 of 23 December 1987 and recorded over the considered period. Previously, this funding used to involve only unpaid claims for loans over the first half of 2009.

Furthermore, the maximum period for rescheduling was extended to 5 years, compared to 3 years earlier.

(Cf. BCT circular to lending institutions n°2009-13 of 15 July 2009).

C. EXEMPTION OF COMPANIES FACING DIFFICULTIES FROM ADVANCE PAYMENT

Companies exerting in sectors provided for by the code giving incentives to investment, subdued to corporate tax at 30% and that are called to pay provisional advances due in 2009 financial year after charging the withholding tax, advance payment and tax overpayment, can deposit declarations relating to these advances without paying them. This is when their 2009 financial year turnover and relating to the period preceding the date of deposit of provisional advance declarations posted 15% decrease or more compared to turnover of the same period of 2008 financial year.

Eligibility for this measure is subdued to certification by an auditor of 2008 financial year accounts which served as a reference to determine the rate of decrease of 2009 financial year turnover. Eligibility is also subdued to deposit of a request to this end for each advance payment at the relevant tax services as per a model established by the administration, signed by the auditor as well as deposit of declarations tied to the provisional advances concerned by the measure in legal deadlines.

(Cf. Article 5 of law n°2009-40 of 8 July 2009 published in JORT n°55 of 10 July 2009).

D. TIGHTER CONDITIONS FOR REFUNDING OVERPAYMENT OF PROVISIONAL ADVANCES

As per modifications of the finance law for 2009 financial year, it was decided that overpayment non-charged on provisional advances can be refunded. Worth of note that previously, the overpayment object of refund used to be derived from an advance or a withholding tax.

Non-charged surplus can always be carried over provisional advances or the annual tax due subsequently and can as well be object of refunding.

(Cf. Article 6 of law n°2009-40 of 8 July 2009 published in JORT n°55 of 10 July 2009).

III. MEASURES IN FAVOUR OF THE AGRICULTURAL SECTOR

A. FINANCING THE PERIOD OF PROHIBITED FISHING

In order to preserve sea resources of the country, it was decided to provide financing with respect to the period of prohibited fishing by the fund to develop competitiveness in agriculture and finishing like the operations initiated in the framework of upgrading the sector of finishing and aquaculture.

Henceforth, fishing unit in the areas of prohibited fishing in the wake of biological rest, can have access to financial support by this fund.

Worth of note that prohibited fishing consists in obligatory suspension of one or several fishing activities for a period which does not go beyond three months that can be renewed and in maritime zones threatened by intensive use or drop of their living sea resources.

(Cf. Decree n°2009-1980 of 23 June 2009 published in JORT n°51 of 26 June 2009).

B. MODIFYING THE TERM OF INTERVENTION AND OPERATION OF THE FUND TO PROMOTE PROCESSED OLIVE OIL

To better target interventions by the fund to promote processed olive oil aiming to support actions carried by any company, a group of companies, a consortium or a professional association, it was decided to eliminate distinction between general interest actions and specific actions in order to redefine them as actions related to commercial promotion area. Besides, interventions by this fund remains available for consolidation of competing capacities and processed olive oil exporting capacities by the relevant structures of support that are designated to this end by the national Board for processed olive oil.

In this respect, help by the fund is distinguished according to the nature of carried operations. As for assistance by the fund to enhance actions that are newly defined and carried out by any company, a group of companies, a consortium or a professional association, premiums are set at 50% of the cost of each action with an annual ceiling of 70,000 dinars for each company having exported, over the previous administrative year, less than 100 tons of processed olive oil (for newly created companies, help is calculated on the basis of exported quantities as of entry into production). This ceiling goes up to 150,000 dinars when it involves an annual volume of export of 100 tonnes or more.

As for actions carried by each consortium, group of companies or professional association, the rate of these premiums is set at 70% of the cost of each action with an annual ceiling of 150,000 dinars.

As for premiums meant to encourage processed olive oil exports, the Tunisian processed olive oil Board earmarked an annual overall premium of one million dinars for the years 2010 and 2011 to

encourage packed processed olive oil export (containing no more than 5 litres). This premium is granted to companies with the promotion and marketing programmes having been approved and having started their implementation over the considered period and this for quantities exported between 1st January 2010 and 31 December 2011 in compliance with a scale that takes into account content of the pack, the type of exported olive oil and the country of destination.

Worth of note that in case of non start-up of implementation of actions contained in the contract-programme concluded with the beneficiaries from support by the fund within a one year period as of the date of conclusion of this contract, the minister in charge of industry can cancel the premiums granted after notice of the Tunisian processed olive oil Board.

It should be mentioned that the fund to promote processed olive oil is created as per article 37 of law n° 2005-106 providing for the finance law of 2006 financial year and its intervention consists in supporting actions to make known the Tunisian olive oil to commercialise it and promote its export.

(Cf. Decree n°2009-1933 of 15 June 2009 published in JORT n°49 of 19 June 2009).

IV. OTHER MEASURES

A. MODIFICATION OF TASKS AND MODE OF FUNCTIONNING FOR THE INDUSTRIAL REAL ESTATE AGENCY (AFI) AND MORE FLEXIBLE APPLICABLE RULES FOR FORFEITURE OF THE RIGHTS OF CONCERNED INDIVIDUELS

To make available to contractors fitted-up lands that meet requirements of industrial and regional development of the country, it has been decided to redefine tasks and modalities of functioning for the AFI and to modify criteria for setting selling prices for rental of lands and plots

that it fits-up as well as buildings constructed on these plots and determine cases of forfeiture of right of concerned individuals, project developers, local collectivities and real estate promoters as well as rules applicable to this end.

(Cf. law n°2009-34 of 23 June 2009 published in JORT n°52 of 30 June 2009).

B. DIGITAL ECONOMY : MODIFICATION OF STRUCTURE AND TASKS OF THE COMMITTEE OF EXPERTS

The committee of experts which was previously in charge of assessing projects, is now entitled with the following missions (noting that its previous mission is henceforth entitled to an expertise bureau) :

- support, upon request, public individuals in assessment, in working out of partnership conventions, negotiation of their clauses and follow up of their implementation, and

- take part in technological wakefulness to promote investments and undertakings tied to the area of digital economy.

On the other hand, structure of the committee of experts was modified. It is henceforth chaired by the minister in charge of communication technologies or his representative and is made up of :

- three personalities known for their proficiency in areas tied to the digital economy,

- members who are experts among the following structures according to the nature and the features of projects :

- operators of the public networks of telecommunications,
- the centres of studies and research for telecommunication,
- three computer centres in the public sector,
- three companies operating in the private sector relating to the area of information and communication technologies.

The committee was previously made up of a chairman and expert members in sectors tied to projects object of partnership conventions.

(Cf. Decree n°2009-2019 of 23 June 2009 published in JORT n°52 of 30 June 2009).

C. REDEFINING THE NATIONAL SYSTEM FOR STANDARDIZATION

In an international context marked by advanced globalisation and competitiveness, the Tunisian legislator decided to fix the general rules related to the national system for standardization and to redefine tasks of the national institute of standardization and industrial property (INNORPI) created as per law n° 82-66 of 6 August 1982 relative to standardization and quality.

(Cf. law n°2009-38 of 30 June 2009 published in JORT n°54 of 7 July 2009).

D. APPLICATION OF THE LAW RELATING TO TOURIST ACCOMMODATION AT TIME SHARE

As per provisions of law n°2008-33 relating to tourist accommodation at time share, the new regulation fixed conditions for securing prior authorisation to carry out tourist accommodation at time share as provided for in article 6 of this same law. In fact, the requiring company must be structured as per provisions of the business code and must be an owner of a fully built-up tourist accommodation unit. The legal representative of this company must account for an application along with

required documents in order to obtain prior authorisation from the national board of tourism in Tunisia. Relevant departments must answer back the requiring company within a dead-line that does not go beyond one month as of the date of depositing of the application including all the above mentioned documents. Other deadlines are to be respected when the documents are not completed or relevant.

In the same way, and to apply provisions of article 7 of this law, companies that would like to carry the tourist accommodation at time share must account for interrupted bank guarantee as a guarantee of their professional obligations towards the clients. This guarantee varies according the accommodation capacity of the unit (200,000 dinars for capacity of less than 150 beds, 250,000 dinars for capacity ranging between 151 and 400 beds and 300,000 dinars for a capacity of more than 400 beds).

Similarly and to reinforce guarantee to clients of this type of companies, the standard contract of transfer of rights of possession of the tourist accommodation at time share as provided for in article 10 of this law was approved.

(Cf. Decree n°2009-1935 of 15 June 2009 published in JORT n°49 of 19 June 2009 and joint bylaw of ministers of tourism and finance of 16 June 2009 and bylaw of the minister of tourism of 16 June 2009 published in JORT n°50 of 23 June 2009).

MAIN ECONOMIC INDICATORS

(In MTD unless otherwise indicated)

Description	First half			Variation in %	
	2007	2008	2009	2008 2007	2009 2008
Investment projects	1,556.7	2,026.1	2,109.9	30.2	4.1
- Manufacturing industries	1,179.4	1,486.4	1,390.4	26.0	-6.5
- Services (other than tourism)	377.3	539.7	719.5	43.0	33.3
Index of industrial production (base 100 in 2000)	126.0	132.1	122.2	4.8	-7.5
Of which : manufacturing industries	128.5	139.2	123.9	8.3	-11.0
Balance of Trade					
- Overall exports FOB	9,818.2	12,235.1	9,517.7	24.6	-22.2
- Overall imports CIF	11,695.7	14,970.2	12,030.0	28.0	-19.6
- Trade deficit excluding energy FOB-CIF (1)	2,108.4	1,061.2	2,646.2	-1,047.2	1,585.0
- Overall trade deficit FOB-CIF (1)	1,877.5	2,735.1	2,512.3	857.6	-222.8
- Overall coverage rate (%) FOB-CIF (%)	83.9	81.7	79.1	-2.2 points	-2.6 points
Increase in consumer prices :					
- Shift from the beginning of the year (%)	2.2	1.8	1.2		
- In terms of monthly averages (%)	2.4	5.6	3.3		
Tourism					
- Non-residents' inflows (1.000 individuals)	2,801	2,951	2,967	5.4	0.5
- Overall bednights (1.000 units)	14,165	14,632	13,780	3.3	-5.8

(1) Variations are expressed in millions of dinars.

MAIN MONETARY AND EXTERNAL FINANCE INDICATORS⁽¹⁾

(In MTD unless otherwise indicated)

Description	June		Variation in %	
	2008	2009	June 2008 Dec. 2007	June 2009 Dec. 2008
MAIN MONETARY AGGREGATES OF THE FINANCIAL SYSTEM (2)				
M4 AGGREGATE	32,719	36,252	8.6	5.4
Money supply M3	32,469	36,041	8.8	5.6
Net claims on abroad (3)	7,434	9,004	776.0	624.0
Domestic loans	35,941	40,163	4.6	4.8
Net claims on the State (3)	5,705	6,081	31.0	300.0
of which : -Treasury bonds (3)	1,959	2,398	-406.0	330.0
- Treasury current account (3)	140	489	-183.0	92.0
Financing of the economy	30,236	34,082	5.4	4.7
EXTERNAL PAYMENT INDICATORS (2)				
Tourist earnings (4)	1,337	1,398	9.6	4.6
Cash labour income (4)	792	860	11.2	8.6
Debt service (4)	1,332	1,295	4.5	-2.8
Current deficit (3) (4)	-927	-719	-230	208
General balance of the balance of payments (3) (4)	468	547	405	79
EXCHANGE RATE (in dinar) (5)				
1 US dollar	1.1620	1.3400	-4.8	2.3
1 Euro	1.8367	1.8903	2.2	2.7
1.000 Japanese yen	10.9622	13.8517	1.1	-4.5
1 Sterling pound	2.3103	2.2057	-5.2	14.6
10 Moroccan dirhams	1.5937	1.6683	0.6	1.2

(1) Figures of end of period for monetary statistics and accumulated from the beginning of the year for external payments.

(2) Provisional data for 2009.

(3) Variations are expressed in millions of dinars.

(4) Variations compared with the same period of the previous year.

(5) Interbank average market rate of end of period.